

EXTENSION OF AUTHORITY OF THE RECONSTRUCTION
FINANCE CORPORATION

MAY 20 (legislative day, MAY 15), 1942.—Ordered to be printed

Mr. BROWN, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany H. R. 7008]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 7008) to authorize the Reconstruction Finance Corporation to issue notes, bonds, and debentures in the sum of \$5,000,000,000 in excess of existing authority, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

Section 1 of the bill as reported provides for an increase in the note issue power of the Reconstruction Finance Corporation for general purposes in the amount of \$5,000,000,000. This sum is deemed necessary in order to provide additional funds necessary to the war program.

Section 2 of the bill provides that in order to effectuate the purposes of the Emergency Price Control Act of 1942 the Corporation may make subsidy payments in conjunction with the production, processing, or distribution of any article or commodity when necessary to increase or maintain production or distribution. This section also provides that the Corporation may purchase, acquire, carry, sell, or otherwise deal in any article or commodity (other than agricultural commodities) upon such terms and conditions as may be determined necessary with the right to sell such articles or commodities at a loss. The authority provided in this section is to be exercised upon the request of the Price Administrator with the approval of the Secretary of Commerce and subject to such rules and regulations as the President may approve. The provisions of this section are not to apply to any agricultural commodity.

Under existing law powers similar to the foregoing are now being exercised upon request of the Price Administrator by the War Shipping Administration in connection with the stabilization of transportation charges for ocean-borne commerce in vessels operated for its account.

With respect to such vessels the War Shipping Administration has absorbed certain extraordinary transportation costs by fixing transportation charges for certain commodities sufficiently low to keep the commodities moving and to hold prices below the fixed limits.

Section 3 of the bill provides that the Commodity Credit Corporation may exercise with respect to agricultural commodities the powers conferred by section 2 with respect to other commodities, and increases the note issue power of the Corporation by \$1,000,000,000. This section is restricted to action undertaken at the request of the Price Administrator to effectuate the purposes of the Emergency Price Control Act of 1942. The powers specified in section 3, and the limitations specified in section 5, are not intended to affect the existing authority of the Commodity Credit Corporation to engage in any loan, purchase, or other operation with respect to foreign and domestically produced agricultural commodities where such operations are not undertaken pursuant to section 3.

There are a number of agricultural commodities, with respect to which the maximum prices established under the Emergency Price Control Act of 1942 will not permit the production, importation, and processing of the supplies needed in the war effort. This is particularly true of the oil-bearing crops, such as soybeans, peanuts, and various imported oil-bearing materials. A similar situation may be encountered with respect to wool and a number of other agricultural commodities. In order to secure the production or importation of adequate supplies of these commodities, it may be necessary in some cases for the Commodity Credit Corporation to purchase these commodities at prices above the level at which they can be processed and resold under the maximum price ceilings that have been or may be established. In other cases it may be more feasible to make payments with respect to the production, processing or marketing of agricultural commodities in an amount sufficient to enable the producers, processors, or merchants to carry out their operations and sell their products in line with the maximum price established under the Emergency Price Control Act. Other purchase operations may be carried out which require the use of substantial sums of money but involve no losses or payments.

In addition to the activities which the Corporation will undertake pursuant to section 3 of the bill, the Corporation has recently been directed by the Board of Economic Warfare, pursuant to Executive Order 9128, to acquire foreign-produced agricultural commodities which are needed for military requirements or the civilian economy.

The amount of funds that will be needed in carrying out the provisions of section 3 and the foreign purchases of agricultural commodities is, of course, difficult to estimate but the Commodity Credit Corporation requests that its borrowing power be increased by one billion dollars in order that funds will be available to it to carry out any programs with respect to agricultural commodities that are requested by the Price Administrator or the Board of Economic Warfare and to meet emergency situations. The amount of losses that will be incurred and payments that will be made under the terms of this act, of course, will be only a small part of the total amount of funds that will be used. In most cases, where commodities are purchased, they will be resold at prices which will recover all or a major part of

the amount expended. Commodity Credit operations during the year ending March 31, 1942, showed a small profit.

Section 4 of the bill provides that no article or commodity purchased pursuant to sections 2 and 3 is to be sold at a price in excess of the applicable maximum price established therefor pursuant to the Emergency Price Control Act of 1942.

Section 5 of the bill specifically provides that the powers conferred by the act are not to be construed to authorize any action contrary to section 3 of the Emergency Price Control Act of 1942, and that no agricultural commodity acquired pursuant to the act shall be sold within the United States by the Commodity Credit Corporation or any other governmental agency at a price below the price limitations imposed by section 3 (a) of the Emergency Price Control Act of 1942 with respect to such commodity.

This section in effect maintains the status quo with respect to the limitations imposed by the Emergency Price Control Act of 1942 upon transactions in agricultural commodities, and it is substantially the same as section 2 (f) of such act. It might also be noted that at the hearings before the committee the Price Administrator, Mr. Henderson, said:

We have no desire, and we want to make it quite explicit, that the additional authorities and grants here shall not be used for deviating or upsetting or by-passing in any way section 3 (a) of the Price Control Act.



The first part of the paper discusses the importance of the study of the history of the United States. It is argued that a knowledge of the past is essential for a full understanding of the present. The author then proceeds to discuss the various factors that have shaped the development of the United States, including the role of the government, the influence of the economy, and the impact of the culture. The paper concludes by emphasizing the need for a continued study of the history of the United States in order to ensure a bright future for the nation.